

Message Text

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E.O. 11652: GDS

TAGS: OGEN, KS, US

SUBJECT: WEEKLY STATUS REPORT - KOREA

1. NORTH KOREAN REACTION TO SCM (UNC). THE PUBLIC NORTH KOREAN REACTION TO THE SCM HAS BEEN HIGHLY CRITICAL, AND WHILE AVOIDING A DIRECT ATTACK ON THE PRESIDENT, CONTAINS THE NORTH'S FIRST REAL CRITICISM OF THE CARTER ADMINISTRATION. THE MAIN THEME HAS BEEN THAT THE ADMINISTRATION IS VIOLATING ITS CAMPAIGN PLEDGE TO WITHDRAW TROOPS FROM THE SOUTH. INSTEAD, THE WITHDRAWAL IS ALLEGEDLY ONLY AN EXCUSE TO REINFORCE THE SOUTH AND AN INDICATION THAT THE U.S. HAS NOT ABANDONED ITS DESIRE PERMANENTLY TO OCCUPY SOUTH KOREA AND PERPETUATE THE DIVISION OF THE COUNTRY. PYONGYANG CONTINUES TO INSIST THAT THE PRESIDENT PROMISED DURING THE CAMPAIGN TO REMOVE ALL U.S. FORCES AND ALL MEANS OF WAR INCLUDING NUCLEAR WEAPONS FROM SOUTH KOREA.
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2. SOVIET INTEREST IN NORTH KOREAN MILITARY SEA ZONE (CONF). SOVIET EMBASSY FIRST SECRETARY IVANOV CALLED ON THE DESK AUGUST 3 TO DISCUSS THE U.S. REACTION TO THE NORTH KOREAN'S MILITARY SEA ZONE WHICH WAS ESTABLISHED AUGUST 1. HE CLAIMED TO HAVE NO WORD FROM MOSCOW ON SOVIET REACTION TO PYONGYANG'S MOVE BUT ACKNOWLEDGED

IMPORTANCE TO USSR OF CONCEPT OF FREEDOM OF TRANSIT ON THE HIGH SEAS.

WE TOLD IVANOV THAT THE NORTH KOREAN MOVE IS CLEARLY UNACCEPTABLE TO US. WE HAVE TOLD THE NORTH KOREAN/CHINESE SIDE AT PANMUNJOM THAT IT WILL NOT AFFECT OUR OPERATIONS UNDER THE ARMISTICE AGREEMENT AND WE EXPECT THAT THEIR SIDE WILL CONTINUE TO HONOR THE AGREEMENT. IN RESPONSE TO IVANOV'S QUESTION ON POSSIBLE LINKAGE WITH TROOP WITHDRAWAL OR SECDEF BROWN'S VISIT TO SEOUL WE SAID WE SAW NO PARTICULAR LINKAGE, BUT EMPHASIZED THAT OUR SECURITY COMMITMENT TO SOUTH KOREA REMAINS FIRM.

3. PRISONER RELEASE (CONF). RECENT EMBASSY REPORTING IS MAKING IT INCREASINGLY CLEAR THAT THE PROSPECTS FOR THE RELEASE OF THE MAJORITY OF EMERGENCY MEASURE PRISONERS IN THE NEAR TERM, WHILE STILL GOOD, ARE NOT AS BRIGHT AS WE HAD EARLIER BELIEVED. THE MAIN OBSTACLE IS THE ROKG'S INSISTENCE THAT THE PRISONERS SIGN STATEMENTS WHICH THE GOVERNMENT CAN INTERPRET AS A SIGN OF "REPENTENCE". THE PRISONERS, AND MOST NOTABLY KIM TAE-CHUNG, ARE RESISTING ANY STEP WHICH MIGHT COMPROMISE THEIR OPPOSITION CREDENTIALS.

AN ADDITION OPPOSITION CONSIDERATION IS THAT AS LONG AS THE PRISONERS ARE IN JAIL, THEY ARE AN ISSUE ON WHICH CONFIDENTIAL

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THE GOVERNMENT CAN BE ATTACKED AND FOREIGN SUPPORT OBTAINED. THE KOREAN GOVERNMENT IN TURN IS MOVING AS SLOWLY AND CAREFULLY AS IT CAN IN RELEASING ADDITIONAL PRISONERS AND STILL OBTAIN SIGNIFICANT FOREIGN PUBLIC RELATIONS BENEFIT.

4. FUNDING EXPANDED ROK DEFENSE COSTS (CONF). DEPUTY PRIME MINISTER NAM DUCK WOO HAS EXPRESSED SOME CONCERN OVER THE EFFECT ON ECONOMIC DEVELOPMENT OF INCREASED DEFENSE EXPENDITURES. NAM SAID THAT IN 1976 GROSS DEFENSE COSTS ACTUALLY WERE ABOUT 7.6 PERCENT OF GNP, WILL BE ABOUT THE SAME IN 1977, BUT COULD GO ABOVE 8 PERCENT IN 1978. (WE HAVE ASSUMED THE ROK IS NOW SPENDING JUST OVER 6 PERCENT OF GNP FOR MILITARY EXPENDITURES). NAM SAID THAT A POLITICALLY DIFFICULT INCREASE IN THE DEFENSE TAX MAY BE NECESSARY TO MEET FY 78 COSTS. HE NOTED THAT IN 1976 ECONOMIC DEVELOPMENT INVESTMENT INCREASED ONLY 18 PERCENT COMPARED WITH 1975'S 25-30 PERCENT.

5. KOREAN EXPORT PERFORMANCE (UNC). AT MID-YEAR KOREAN EXPORTS TOTALLED ABOUT DOLS 4.5 BILLION, 45 PERCENT

OF THE YEAR'S DOLS 10 BILLION GOAL. EXPORT PERFORMANCE USUALLY IS BETTER IN THE SECOND HALF. HOWEVER, LETTER OF CREDIT ARRIVALS ARE SLOW. THE MID-YEAR FIGURES ALSO SHOW A CURRENT ACCOUNT DEFICIT OF DOLS 171.6 MILLION.

6. FISH SURFACE AGAIN (CONF). THE DIRECTOR GENERAL OF ROK FISHERIES IS IN WASHINGTON THIS WEEK TO REQUEST THAT WE INCREASE NEXT YEAR'S KOREAN QUOTAS IN THE NORTH PACIFIC BY REDUCING OR ELIMINATING THE SOVIET POLLOCK QUOTA, BECAUSE THE SOVIETS HAVE NOT ALLOWED ROK ACCESS TO TRADITIONAL FISHERIES IN THEIR CONSERVATION ZONE. HE WILL ALSO BE SEEKING RELIEF FOR KOREAN FISHERMEN FROM SOME OF THE CONDITIONS WE IMPOSE IN OUR ZONE. WE HAD EARLIER TOLD THE ROKG THAT WE WOULD CONSIDER A REVISION
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OF THEIR QUOTA AT SOVIET EXPENSE IF THEY WERE SHUT OUT OF SOVIET WATERS PERMANENTLY.

7. TEXTILE TALKS (CONF). A FIRST SESSION HAS BEEN HELD HERE WITH THE KOREANS ON THE EXTENSION OF THE PRESENT TEXTILE AGREEMENT AND A SUBSEQUENT FIVE-YEAR AGREEMENT. THE U.S. NEGOTIATING TEAM HAS TOLD THE KOREANS THAT THE USG WISHES TO CUT BACK ANNUAL ALLOWED GROWTH FROM SIX AND THREE QUARTERS PERCENT TO SIX PERCENT AND THAT REDUCTIONS IN SOME SENSITIVE CATEGORIES WILL BE REQUIRED. A SECOND ROUND OF NEGOTIATIONS WILL BE HELD IN SEOUL LATER THIS MONTH. CHRISTOPHER

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